Financ Mark Portf Manag (2011) 25:343–344
DOI 10.1007/s11408-011-0174-x

Editorial

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Published online: 7 October 2011

The first article of this issue, authored by Hans-Peter Burghof and Felix Prothmann, investigates the 52-week-high strategy and its determining factors. The authors hypothesize that the strategy might be caused by information uncertainty and present a set of empirical tests using six proxy variables, such as firm size and age, book-to-market ratio, and volatility.

The second article is written by Nandkumar (Nandu) Nayar, Ajai K. Singh, and Wen Yu. They look at an old phenomenon centering around Value Line Timeliness rank upgrades. Upgrades in the Value Line Timeliness ranking are associated with positive abnormal returns following the upgrade. The authors present evidence that post-upgrade returns are driven by momentum and conjecture that Value Line already used momentum to select stocks to be upgraded long before the effect was described in the academic literature.

Stefan Erdorf and Nicolas Heinrichs, authors of the third article in this issue, examine co-movement during the business cycle. Other than previous studies, they do not measure co-movement of stock returns, but of firm revenue and earnings. They show that structural changes in correlation, especially during times of crisis, are not limited to stock returns.

In the fourth article, Mario Meichle, Angelo Ranaldo, and Attilio Zanetti forecast the state of the business cycle using financial market variables. Their empirical test for Switzerland reveals that financial market variables do contain valuable information. In addition to a "usual suspect", namely the term spread, they find that market liquidity has the most predictive power in their analysis.

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This issue's Perspectives article, authored by William T. Ziemba, addresses the Turn-of-the-Year Effect. A perfect seasonal match for the December issue, he examines whether the effect is still present in futures markets and finds the effect to be there, but moved from January to December.

In the first book review in this issue, Alexander Kohler discusses the book "Liquidity and Crises" edited by Franklin Allen, Elena Carletti, Jan Pieter Krahnen, and Marcel Tyrell.

The second book review is written by Tobias Nigbur and discusses the book "Financial Models with Lévy Processes and Volatility Clustering" by Svetlozar T. Rachev, Young Shin Kim, Michele L. Bianchi, and Frank J. Fabozzi.

On the occasion of the turn of the year, I would like to thank all supporters of FMPM, namely the editorial board, our numerous external referees, our editorial office and our publisher, and our sponsors for their support. As always, special thanks go to our authors and readers, without whom the journal could not exist. I wish you all Merry Christmas and a Happy New Year!